RECORD AND BRIEFS

Supreme Court, U
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SUPREME COURT

No. 14-1538

IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION; INVITROGEN IP HOLDINGS, INC.; APPLIED BIOSYSTEMS, LLC,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the Federal Circuit correctly rejected petitioners' argument that the phrase "actively induce the combination of such components" in 35 U.S.C. § 271(f)(1) requires that a defendant "actively induce the combination of such components" *by an unrelated third party*, and therefore can never impose liability on a company that induces the combination at its own facility.

2. Whether the Federal Circuit correctly rejected petitioners' desired per se rule that one component can never constitute "a substantial portion of the components of a patented invention" under § 271(f)(1).

PARTIES TO THE PROCEEDINGS

Petitioners Life Technologies Corporation, Invitrogen IP Holdings, Inc., and Applied Biosystems were the defendants-appellants below.

Respondent Promega Corporation was the plaintiff-cross-appellant below.

Max-Planck Gesellschaft zur Forderung der Wissenschaften E.V. is the owner of U.S. Patent No. RE37,984 and was an involuntary plaintiff below.

CORPORATE DISCLOSURE STATEMENT

Respondent Promega Corporation has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

This Court's review is properly reserved for rare cases presenting a substantial conflict in authority or error on a critical issue of continuing importance. This is not such a case. The Federal Circuit's careful opinion correctly interpreted 35 U.S.C. § 271(f)(1) and rejected the atextual "third-party" and "multiple-component" bright line rules that the district court engrafted onto the statute at petitioners' urging. Petitioners' attack on the Federal Circuit's decision conflicts with the plain text of the statute, relies primarily on out-of-context statements from cases that did not address the questions presented, and asks the Court to create loopholes that Congress never intended. These reasons alone suffice to deny the petition.

Petitioners also fail to demonstrate that the questions presented are sufficiently important to justify review. No other Federal Circuit case had any need to decide either issue in the more than thirty years since § 271(f)(1) was enacted. Petitioners' first question presented would rarely make a difference in any case, because their proposal that inducement under § 271(f)(1) should require the involvement of a third party could be met in most cases through the involvement of a foreign subsidiary, affiliate, or employee—a path that was only precluded here through a case-specific (and incorrect) waiver ruling.

Petitioners' second question—an issue the dissent below did not even reach—is similarly unlikely to recur. The Federal Circuit's rejection of petitioners' desired bright-line rule that "a single component supplied from the United States, *no matter how important or central to the invention*, can never constitute 'a substantial portion of the components of a patented invention'" (Pet.

App. 34a (emphasis added)) does not mean that liability under § 271(f)(1) will be common when only a single component is supplied from the United States. To the contrary, the panel emphasized that this case involved a *fact-specific concession* from petitioners' own witness that the Taq polymerase they supply from the United States for inclusion in all of their kits was a "'main' and 'major'" component. Pet. App. 34a (quoting A6290-6291).[1] Further, the requirements that the infringer have knowledge of the patent and intend to cause the infringing act eliminate the risk that an unwitting supplier of a single component would be held liable under § 271(f)(1).

Finally, the interlocutory nature of the petition strongly counsels against review. The Federal Circuit remanded to the district court for further proceedings. Although Promega disagrees with petitioners' pending argument to the district court that a new trial should be held on the issue of past damages, the district court must still resolve certain post-trial motions that had been mooted by its original ruling.

For all these reasons, the petition should be denied.

STATEMENT

A. Petitioners' Infringement And The Jury's Verdict

Promega and petitioners are direct competitors in the market for DNA test kits based on the amplification of short tandem repeat ("STR") loci in DNA. Pet. App. 5a. STR loci are DNA sequences that are useful for identification because they vary among individuals.

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[1] Citations that begin with "A" refer to the Court of Appeals Joint Appendix.

Id. 3a. To compare DNA samples, the relevant DNA segments of interest are "amplified," meaning that copies are made to ensure that there is a sufficient sample for analysis. *Id.* The STR kits at issue in this case are used in a wide variety of applications, including forensic identification, paternity testing, medical treatment, and research. *Id.* 3a, 8a; A956.

Promega licensed petitioners to practice certain patents held or exclusively licensed by Promega, but required that petitioners limit their sales to specified fields. After petitioners embarked on a concerted campaign to expand their sales beyond the licensed fields,[2] Promega sued petitioners for infringement of five patents. The four asserted "Promega patents," which are no longer at issue, claimed DNA test kits for simultaneously analyzing multiple STR sequences comprising specific loci. The asserted "Tautz patent" (U.S. Reissue Patent No. RE37,984) claimed a broader set of kits for analyzing nucleotide sequences with a repeat motif. A408. Tautz was the first patent application to describe STR loci and is considered a foundational patent in STR technology. A1928-1929; A2004. Petitioners have never challenged the validity of the Tautz patent or denied that claim 42 of the Tautz patent reads on all of petitioners' accused kits. The Tautz patent has now expired, but Promega is still entitled to damages for petitioners' infringing use during the patent's term.

At summary judgment, the district court rejected petitioners' license and invalidity defenses and found that petitioners' unlicensed sales directly infringed claim 42 of the Tautz patent and many of the asserted

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[2] *See* A5505-5506; A6523-6536; A6540-6546; A6567-6570; A6578-6606; A6615-6635; A6639-6640; A9108; A9120-9126; A9153-9159.

claims in the Promega patents. Pet. App. 9a-10a. Damages and willfulness were then tried to a jury. At trial, Promega presented evidence of damages from petitioners' extensive infringing sales in the United States. It also presented evidence of damages due to petitioners' U.S. supply of a "substantial portion" of the components of claim 42 of the Tautz patent in a manner that induced combination by workers at petitioners' facility in the United Kingdom in a way that would infringe the Tautz patent if performed in this country. *See* 35 U.S.C. § 271(f)(1) ("Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.").

For example, petitioners' own witness conceded that, for every accused product, petitioners supplied Taq polymerase—which petitioners' witness admitted was a "'main' and 'major'" component (Pet. App. 34a)—from the United States. *Id.* & n.15. Petitioners also conceded that they supplied a second component from the United States for at least three kits that accounted for a large amount of their sales. A6282-6285.

The jury was asked to determine what proportion of petitioners' sales should be included in the damages calculation, and it found that all of petitioners' sales were for kits that infringed under § 271(a) or § 271(f)(1). Pet. App. 11a. The jury then subtracted the licensed sales and awarded Promega the profits that it lost as a result of petitioners' infringement. *Id.* The jury also found that petitioners' infringement was willful. *Id.*

B. The District Court's Decision

After trial, the district court set aside the jury verdict and granted petitioners judgment as a matter of law based on two novel theories. First, the court held that § 271(f)(1), which makes a defendant that ships overseas "all or a substantial portion of the components of a patented invention" liable for infringement if it induces the "combination of such components outside of the United States," requires the involvement of an *unrelated third party*, meaning that a company that ships components for assembly of the patented product abroad can avoid liability as long as it performs the overseas assembly itself. Pet. App. 23a; A2347-2351. The district court reached this conclusion reluctantly, admitting that "it makes little sense to prohibit a party from supplying another with components while permitting the party to supply itself." A2350.

Second, the district court held that supplying a single component (as opposed to two or more components) from the United States can *never* give rise to liability under § 271(f)(1). Pet. App. 23a; A2342-2345.

Having set aside the verdict based on its interpretation of § 271(f)(1), the district court declined to rule on petitioners' remaining JMOL motions on the ground that they were moot. A2353-2354.

C. The Court Of Appeals' Decision

The Federal Circuit rejected both of the rigid rules adopted by the district court. First, the court held that "no third party is required" for infringement under § 271(f)(1). Pet. App. 24a. The court noted that nothing in the statute "limit[s] the reach of § 271(f)(1) to 'third parties' or 'another.'" *Id.* 26a. To the contrary, the word "induce" can simply mean "'to bring about, to

cause,'" and this broader definition is appropriate because § 271(f)(1) "is written such that an activity—'the combination'—is the object of 'induce,' not a person." *Id.* 24a. The panel also noted that none of the cases that refer to inducing "another" in the context of fact patterns involving third parties actually had to consider the argument petitioners raise here, namely that a party otherwise liable under § 271(f)(1) could somehow escape liability by sending the same shipment for combination by its own foreign division or subsidiary. *Id.* 27a.

Second, the Federal Circuit held that "there are circumstances in which a party may be liable under § 271(f)(1) for supplying or causing to be supplied a single component for combination outside the United States" (Pet. App. 28a) and "disagree[d] with the district court that a single component supplied from the United States, no matter how important or central to the invention, can never constitute 'a substantial portion of the components of a patented invention'" (*id.* 34a). The court explained that "the ordinary meaning of 'substantial portion'" focuses on whether a component is "'important' or 'essential'" and does not "necessarily require[] a certain quantity." *Id.* 28a-29a. The panel then carefully analyzed and rejected petitioners' arguments, which misread the statute's reference to the "components" of a patented invention (*id.* 29a-30a), made an inapt comparison between § 271(f)(1) and (2) (*id.* 30a), and incorrectly interpreted two footnotes in *Microsoft Corp.* v. *AT&T Corp.*, 550 U.S. 437 (2007) (*id.* 31a-33a). Finally, the panel held that substantial evidence—including an admission by petitioners' own witness—supported the jury's verdict under § 271(f)(1) in the particular circumstances of this case. *Id.* 33a-35a.

Chief Judge Prost dissented on the ground that § 271(f)(1)'s "requirement of active inducement ... necessarily mean[s] inducement of *another*." Pet. App. 39a. The dissent did not consider petitioners' proposed multiple-component rule. *Id.* 39a n.1.

Petitioners requested rehearing en banc, raising the same issues presented in their petition for certiorari. The Federal Circuit denied rehearing without dissent. Pet. App. 68a.

The case then returned to the district court where the parties briefed the proper scope of the proceedings on remand. Among other things, petitioners argued that the district court "should not reinstate the verdict" but rather should "initiate proceedings so that damages tied specifically to the Tautz patent can be determined afresh." Dkt. 796, at 16, No. 10-cv-281 (W.D. Wis. May 1, 2015). Petitioners also argued that, even if the damages award were reinstated as Promega seeks, "five outstanding Life JMOL motions ... must be decided" because "[n]one of these remaining motions have been mooted by the Federal Circuit's decision." *Id.* Promega disagrees with much of petitioners' argument, but agrees that "two post-trial motions remain to be decided after the damages verdict is reinstated." Dkt. 802, at 10, No. 10-cv-281 (W.D. Wis. May 15, 2015).

REASONS FOR DENYING THE PETITION

I. THE FEDERAL CIRCUIT'S REJECTION OF PETITIONERS' RIGID THIRD-PARTY INDUCEMENT RULE WAS CORRECT AND DOES NOT WARRANT REVIEW

A. The Federal Circuit Correctly Rejected Petitioners' Third-Party Inducement Rule

The Federal Circuit correctly rejected petitioners' argument—unsupported by statutory text, case law, or

common sense—that liability under § 271(f)(1) requires a third party's involvement. Section 271(f)(1) imposes liability on a person who supplies from the United States "all or a substantial portion of the components of a patented invention" "in such manner as to *actively induce the combination* of such components outside of the United States in a manner that would infringe" if done here. 35 U.S.C. § 271(f)(1) (emphasis added). Nothing in that language allows a company that would be liable for sending a shipment abroad for combination by a third party to escape liability merely by sending the same shipment abroad for combination by its own foreign operations.

Section 271(f)(1) does *not* state that a *third party* must be induced. Indeed, the object of the word "induce" is not even a person but a result ("induce *the combination*"). In that context, the word "induce" simply means "to bring ... about" or "cause." *E.g.*, *Black's Law Dictionary* 697 (5th ed. 1979) ("To bring on or about, to affect, cause"); *Black's Law Dictionary* 915 (4th ed. 1951) (same); II *Webster's Third New International Dictionary of the English Language Unabridged* 1154 (1976) ("to bring on or bring about"); *Webster's New Collegiate Dictionary* 583 (1981) ("effect, cause" (capitalization altered)); *American Heritage Dictionary of the English Language* 671 (1969) ("To stimulate the occurrence of; cause"); *Webster's Collegiate Dictionary* 512 (5th ed. 1946) ("To bring on or about; effect; cause); *see also* VII *Oxford English Dictionary* 888 (2d ed. 1989) ("To bring about, bring on, produce, cause, give rise to."); *American Heritage Dictionary* 657 (2d college ed. 1985) ("To bring about the occurrence of; cause.").

To be sure, one way to "bring about" or "cause" the combination could be by persuading an unrelated third

party to act. But the plain language of § 271(f)(1) is not limited to such cases, and petitioners' attempt to engraft such a limitation improperly rewrites the statute. As the Federal Circuit explained,

> The statute is written such that an activity—"the combination"—is the object of "induce," not a person. Had Congress wanted to limit "induce" to actions completed by two separate parties, it could easily have done so by assigning liability only where one party actively induced *another* "to combine the [patented] components." Yet, "another" is absent from § 271(f)(1). Instead, the focus of the statute is to induce "*the combination* of the components of the patented invention."

Pet. App. 24a-25a (second emphasis added; footnote omitted).

The absence of any statement that a third party must perform the combination or be induced stands in contrast to other provisions specifying the involvement of a third party. *See* 35 U.S.C. § 271(i) ("'offer to sell' *by a person other than the patentee*" (emphasis added)); *id.* § 271(d)(2) ("licens[ing] or authoriz[ing] *another* to perform" (emphasis added)); Pet. App. 24a n.9 (citing statutes that, unlike § 271(f)(1), are framed in terms of the inducement of another person).

Moreover, even if "induce" meant only "persuade" rather than "cause," there is nothing unusual about saying that a person persuaded or induced himself to engage in a course of action. *E.g.*, VII *Oxford English Dictionary* 887 ("I have the more willingly induced myself to this unequal task[.]"); 92 Cong. Rec. 4935 (1946) (Rep. Crawford) ("I cannot conscientiously induce myself to go along on such a program."); Charlotte Brontë,

Jane Eyre 345 (Simon & Schuster 2009) (1847) ("I could not persuade myself to affix them[.]"); William Shakespeare, *Othello*, act 2, sc. 3 ("I persuade myself, to speak the truth.").

The history and purpose of § 271(f)(1) likewise support the panel's interpretation. Section 271(f)(1) was enacted in response to this Court's decision in *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518 (1972). In *Deepsouth*, the Court held that a defendant could avoid direct infringement liability under § 271(a) by shipping the components of a patented invention for assembly abroad. *Id.* at 527-529. Congress responded by enacting § 271(f)(1) to prevent the circumvention of U.S. patent rights through this loophole. It is unreasonable to think that in closing one loophole for exporters, Congress intended to create a *new* loophole that eliminated liability only for those exporters *most complicit* in the foreign assembly—*i.e.*, those who export a substantial portion of the components and then perform the assembly *themselves*. The statute certainly gives no indication that Congress intended for it to be so fruitless and easily circumvented.

Petitioners' primary argument for their absurdly narrow reading of § 271(f)(1) relies on quotations from cases that refer to inducement of "another." Pet. 13-14 (citing *Global-Tech Appliances, Inc.* v. *SEB S.A.*, 131 S. Ct. 2060, 2065 (2011); *Metro-Goldwyn-Mayer Studios Inc.* v. *Grokster, Ltd.*, 545 U.S. 913, 935 (2006); and *Commil USA, LLC* v. *Cisco Sys., Inc.*, 135 S. Ct. 1920, 1924 (2015)); *see also* Pet. App. 39a-40a. But references to "another" in cases that happened to involve third parties are unremarkable and do not prejudge the question here. The cases cited by petitioners and the dissent below focused on the *mens rea* required for inducement liability; none actually considered whether

the presence of a third party was required for inducement. This Court has never held that induced infringement requires the presence of a third party.

The argument that the panel created a conflict between the meaning of "induce" in § 271(b) and (f) similarly rests on the false assumption that the issue of third-party involvement under § 271(b) is settled when, in fact, the question has never arisen.[3] Indeed, because inducement liability under § 271(b) presupposes a direct infringer under § 271(a), *Limelight Networks, Inc.* v. *Akamai Techs., Inc.*, 134 S. Ct. 2111, 2117 (2014), a party that induced its own direct infringement would also be liable as a direct infringer under § 271(a), making it unnecessary for the patentee to rely on an inducement theory. It is only when the induced act does not itself trigger direct infringement liability under § 271(a)—*e.g.*, when it occurs outside the United States—that liability for inducement of one's own conduct becomes important. But the fact that there has been no need to decide the full scope of what it means to induce infringement under § 271(b) does not mean that the scope of § 271(f)(1) should be artificially constrained.

Unable to find support in the language, history, or purpose of § 271(f)(1), petitioners turn to the presumption against extraterritoriality. Pet. 16-20. But the on-

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[3] Were it settled that a party could never induce its own acts, the entire § 271(b) issue decided in *Limelight Networks, Inc.* v. *Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014), would have been moot. In that case, it was undisputed that Limelight directly performed all but one or two steps of the patented methods, and thus the § 271(b) argument that Limelight induced *all* the steps of the patented method necessarily depended on the premise that, for most of those steps, Limelight was inducing its *own* performance of those steps.

ly activity regulated by § 271(f)(1) is domestic supply of "all or a substantial portion of the components of a patented invention" with the requisite intent that the patented invention be assembled. Nor does the presumption provide a sufficient basis for narrowing the scope of § 271(f)(1) in a way that would be both arbitrary and contrary to its text and purpose. For example, petitioners never explain why the principles behind the presumption would be served by holding a domestic actor liable for shipping a substantial portion of the components of a patented invention overseas for assembly by a *foreign* actor (as under petitioners' proposed rule) but allow immunity when the *domestic* actor that made the shipment also does the assembly abroad, thus establishing an even tighter connection to the United States. Far from applying the presumption against extraterritoriality, petitioners turn the presumption on its head.[4]

The Federal Circuit's decision was correct, and there is no need for further review.

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[4] Petitioners' amicus argues that the Court should use this case to "signal to the Federal Circuit to take the presumption against extraterritoriality seriously." Holbrook Amicus Br. 2. But the allegation that the Federal Circuit has a "penchant" for ignoring the presumption (*id.* 8) is belied by the numerous cases in which it has applied the presumption. *E.g.*, *Carnegie Mellon Univ.* v. *Marvell Tech. Group*, 2015 WL 4639309, at *19-20 (Fed. Cir. Aug. 4, 2015); *Halo Elecs., Inc.* v. *Pulse Elecs., Inc.*, 769 F.3d 1371, 1380 (Fed. Cir. 2014); *Cardiac Pacemakers, Inc.* v. *St. Jude Med., Inc.*, 576 F.3d 1348, 1365 (Fed. Cir. 2009). The assertion that the Federal Circuit "fail[ed] to mention" the presumption in this case (Holbrook Amicus Br. 10) is also wrong. *See* Pet. App. 27a n.10 ("We are mindful of the fact that the Supreme Court has cautioned against the extraterritorial application of United States law.").

B. Petitioners' Third-Party Inducement Argument Is Not Sufficiently Important To Warrant Review

In addition to their failure to identify any legal error, petitioners have not demonstrated that the question of third-party inducement under § 271(f)(1) is sufficiently important to warrant this Court's review. The question has arisen in only a handful of cases in the more than thirty years since § 271(f) was enacted, the Federal Circuit's decision is consistent with those prior cases, and petitioners and their amici offer no reason to think that the issue will come up with regularity in the future.

Petitioners' rhetoric about an "expansion" of liability and "economic dislocation[]" (Pet. 20, 21) ignores the fact that, far from broadening the scope of liability, the Federal Circuit's rejection of petitioners' third-party inducement argument simply applied the same interpretation as every district court that had considered the question in the decades before this case. *E.g.*, *Moore U.S.A. Inc.* v. *Standard Register Co.*, 144 F. Supp. 2d 188, 195 (W.D.N.Y. 2001) (finding that § 271(f)(1) "extends infringement liability to parties that supply 'all or a substantial portion of the components of a patented invention' for assembly outside the United States *regardless* of whether that party enlisted the aid of a third-party"); *T.D. Williamson, Inc.* v. *Laymon*, 723 F. Supp. 587, 592 (N.D. Okla. 1989) (rejecting defendant's argument that would "create a[] loophole allowing infringers to eschew dealing with foreign parties in order to avoid liability for 'active inducement'"), *aff'd*, 923 F.2d 871 (Fed. Cir. 1990). Petitioners have not presented any evidence that these prior decisions, which have been in place for years, have led to the type of negative consequences they predict.

Moreover, the issue is unlikely to arise with any frequency in the future. Even if "induce the combination" meant inducing the combination by "another" as petitioners suggest (Pet. 3), in most instances it would be relatively easy to identify a foreign subsidiary, division, affiliate, or employee that had been induced and could be the putative "third party." *E.g.*, *Orthokinetics, Inc.* v. *Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1578-1579 (Fed. Cir. 1986) (corporate officer inducement liability is "well settled"); *Jacobs Vehicle Sys., Inc.* v. *Pacific Diesel Brake Co.*, 424 F. Supp. 2d 388, 393, 395 (D. Conn. 2006) (inducement of subsidiary); *see also Kinetic Instruments, Inc.* v. *Lares*, 802 F. Supp. 976, 988 (S.D.N.Y. 1992); *Dow Chem. Co.* v. *Eby Mine Serv.*, 813 F. Supp. 749, 752 (D. Colo. 1993).

In fact, petitioners' argument regarding inducing "another" only arose because the district court incorrectly held that Promega waived its argument that the entity making the shipment from the United States and the foreign affiliates assembling the patented invention were in fact distinct entities. *See* A2364-2365.[5] The unique circumstance of the district court's waiver finding helps explain why only a handful of cases have ever addressed the question since § 271(f)(1) was enacted

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[5] As Promega explained in the Federal Circuit, the district court's waiver finding was incorrect. *See* Promega C.A. Br. 44 n.11; Promega C.A. Reply 16. Promega's JMOL opposition argued that § 271(f)(1) is not limited to combination by "only a third party," in the sense of an entirely unrelated party, but instead encompasses combination by related parties, such as "an offshore division of a company." A9251. Promega's post-judgment briefing further discussed the point. *E.g.*, A9317 ("Here, Defendants induced the conduct of other (albeit affiliated) corporate entities and their employees."); A9349 (noting the "distinction between a corporation and its divisions, subsidiaries, or employees").

and why it took three decades for the question to reach the Federal Circuit. In the vast majority of cases, a plaintiff will be able to identify an affiliate or unrelated third party who has been induced. And the typical availability of this third party, whether here or in future cases, greatly diminishes the purported importance of the question on which petitioners seek review.

The district court's case-specific waiver ruling also complicates the resolution of this particular case. The Federal Circuit had no reason to consider Promega's appeal of that erroneous waiver ruling in light of its interpretation of § 271(f)(1). That unresolved question, however, makes this case a bad vehicle for addressing petitioners' argument. One will search the petition in vain for a direct statement that the entity in the United Kingdom that combines petitioners' shipped components is actually the *same* legal entity that made the shipment from the United States, as opposed to an affiliated but still distinct legal entity. Nor have petitioners ever alleged that the employees who induced the combination were the same as the employees who completed the combination. Petitioners' argument about inducement of "another" thus depends on either (1) ignoring these affiliates through a case-specific waiver finding that the Federal Circuit did not review and would likely reverse, or (2) stretching even farther beyond the statutory text to require not only the involvement of "another" but also that the other person be a wholly unrelated third party.[6] This complicated procedural posture strongly counsels against review.

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[6] The Federal Circuit framed the latter point as whether "Congress intended § 271(f)(1) to hold companies liable for shipping components overseas to third parties, but not for shipping those same components overseas to themselves *or their foreign*

II. THE FEDERAL CIRCUIT'S REJECTION OF PETITIONERS' RIGID MULTIPLE-COMPONENT RULE WAS CORRECT AND DOES NOT WARRANT REVIEW

A. The Federal Circuit Correctly Rejected Petitioners' Multiple-Component Inducement Rule

At petitioners' urging, the district court overrode the jury's verdict on the ground that the supply of a single component from the United States—no matter how important—can *never* give rise to liability under § 271(f)(1). A2345. The Federal Circuit correctly rejected that rigid, unsupported rule. The statute does not say that a party must supply "components" from the United States; it says that a party must supply "all or a *substantial portion* of the components *of a patented invention*." 35 U.S.C. § 271(f)(1) (emphases added).

Substantiality is a fact question that requires a case-specific analysis of what is being supplied from the United States and its relationship to the patented invention across multiple dimensions, including not only quantity but also relative importance. Weighing the factors that inform that analysis properly remains the province of the jury. Here, the jury heard extensive evidence over eight days of trial about the technology at issue in the case, the Tautz patent, the components of the patented invention, the components of petitioners' infringing kits, and petitioners' business practices. For example, the jury heard about petitioners' effort to shift some (but not all) of their manufacturing operations from the United States to the United Kingdom. A6288-6289. It heard that, for every kit, petitioners

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subsidiaries." Pet. App. 27a (emphasis added). Petitioners, however, make no attempt to explain why, even if § 271(f)(1) required involvement of "another," an affiliate, subsidiary, or employee would not qualify, as it does under § 271(b).

continued to supply the polymerizing enzyme—Taq polymerase—from the United States. A2303-2304; A6282-6283. It heard petitioners' own witness admit that Taq was a "main" or "major" component. A6290-6291. It also heard that, for three kits that accounted for a large proportion of petitioners' sales, petitioners continued to supply *multiple* components from the United States. A6270-6285. Based on all the testimony and evidence, the jury concluded that petitioners had supplied "a substantial portion of the components of [the] patented invention" from the United States within the meaning of § 271(f)(1).

Faced with this case-specific factual finding carefully grounded in the record, petitioners' only hope for overriding the jury's verdict in this case is to engraft a rigid multiple-component requirement onto the statute. Petitioners thus argue that the word "substantial" should be given an exclusively "quantitative" meaning without regard to whether a component is "qualitatively 'important.'" Pet. 23. There is no error in the Federal Circuit's rejection of that approach.

The plain language of the statute does not mandate a strictly quantitative interpretation. Petitioners concede, as they must, that "substantial" can refer not just to quantity but also to the qualitative importance of what is being supplied. Pet. 23 ("the word 'substantial' can mean 'important'"); *Black's Law Dictionary* 1280 (5th ed. 1979) ("Of real worth and importance"); *Webster's Third New International Dictionary of the English Language Unabridged* 2280 (1971) ("an important or material matter, thing, or part"; "important, essential" (capitalization altered)); *see also* XVII *Oxford English Dictionary* 67 ("an essential part, point, or feature"); *American Heritage Dictionary* 1213 ("Considerable in importance, value, degree, amount, or extent").

Petitioners argue that the qualitative meaning of "substantial" should be disregarded because the term "substantial portion" is paired with the word "all." Pet. 23. However, the shipment of "all" components necessarily includes any particularly important components. This use of an all-encompassing word in terms of both quantity and importance does not signal an intent to use a strictly quantitative focus in deciding what constitutes a "substantial portion." Nor does the statute use expressly quantitative language, such as referring to "substantially all" or "a large number" of components. *E.g.*, *Moore*, 144 F. Supp. 2d at 195.

Indeed, petitioners' strictly quantitative focus would lead to absurd results. Under petitioners' interpretation, shipment of two unimportant components of a multi-component invention could give rise to liability under § 271(f)(1), but the shipment of one particularly important component of a two-component invention could not. There is no reason to think Congress wanted factfinders to blind themselves to the importance of a component in such a capricious manner.

Petitioners' interpretation of § 271(f)(1) also conflicts with decisions in other contexts recognizing that a single important act can sometimes constitute a "substantial portion" or "substantial part" of the whole. *See Setco Enters. Corp.* v. *Robbins*, 19 F.3d 1278, 1280, 1281 (8th Cir. 1994) (single event was "a substantial part of the events or omissions giving rise to the claim" because of its "importance" to the suit); *Goulding* v. *United States*, 957 F.2d 1420, 1426 (7th Cir. 1992) (a single entry is "a substantial portion of a [tax] return" if it forms "the dominant portion" of the return in its length or complexity); *First Nat'l Bank of Aberdeen* v. *County of Chehalis*, 166 U.S. 440, 457 (1897) ("single and separate operations" formed "substantial parts" of the

banking business); *see also American Heritage Dictionary of the English Language* 1412 (3d ed. 1996) (a "portion" is "a part of a whole").

Petitioners' reliance on § 271(f)(2) is also misplaced. Section 271(f)(2) focuses on the supply of "*any component* of a patented invention that is especially made or especially adapted for use in the [patented] invention," while § 271(f)(1) focuses on the supply of "*all or a substantial portion* of the components of a patented invention." Section 271(f)(1)'s analogue to the "component" supplied in § 271(f)(2) is thus not "components" but "all or a substantial portion." No inference can therefore be drawn from the distinction between "component" and "components," since the terms are used in different contexts.

Petitioners also ignore the Dictionary Act, which provides that "unless the context indicates otherwise," "words importing the plural include the singular." 1 U.S.C. § 1; *see also, e.g., United States* v. *Foote*, 413 F.3d 1240, 1246 (10th Cir. 2005) (trafficking in a single "good" violated statute regarding trafficking in "goods"); *Smith* v. *Zachary*, 255 F.3d 446, 449 (7th Cir. 2001) ("the distinction between plural and singular words is not scrupulously observed in legislative language").

Here, the statutory context reinforces that § 271(f)(1)'s use of the word "components" was not intended to impose a rigid multiple-component requirement. The first mention of "components" in § 271(f)(1) refers not to what is being supplied from the United States but rather to the "components *of a patented invention*." 35 U.S.C. § 271(f)(1) (emphasis added). Likewise, as the panel correctly held, "[s]ubsequent references within the statute to 'such components' are

clearly references to 'the components of a patented invention,' not to what must be 'supplied' by the alleged infringer." Pet. App. 29a. For example, § 271(f)(1)'s reference to the "combination of such components outside of the United States *in a manner that would infringe* the patent if such combination occurred within the United States" (emphasis added) must be a combination of *all* the components *of the patented invention*; otherwise the combination would not "infringe." Similarly, the phrase "where such components are uncombined in whole or in part" indicates that either all of the invention's components are uncombined ("in whole") or some remain uncombined ("in part") at the time that one or more components are supplied from the United States. Indeed, if "such components ... uncombined in whole or in part" meant only components supplied from the United States rather than all the components of the patented invention, companies like petitioners could avoid liability under § 271(f)(1) simply by combining the U.S.-supplied components together into a single component before shipping it abroad for further assembly into the patented invention.

Moreover, even if the word "components" referred to what was being supplied from the United States, § 271(f)(1)'s need to encompass the possibility of "all" components being supplied from the United States would preclude it from referring to a singular U.S.-supplied "component" in its subsequent clauses. Thus, no inference can be drawn that supply of more than one component is always required.

Petitioners are also incorrect when they argue that the panel's interpretation of § 271(f)(1) "trivializes" § 271(f)(2). Pet. 25. To be sure, the supply of a component "especially made or especially adapted" for use in an invention *may* infringe under either provision of

§ 271(f) if it is *also* sufficiently important to qualify as a "substantial portion" *and* is supplied in a manner that actively induces the combination of the invention's components. But similar overlap exists when the supply of a component "especially made or especially adapted" for use in an invention qualifies as both contributory infringement under § 271(c) and inducement of infringement under § 271(b). Just as § 271(b) has not "trivialize[d]" § 271(c), the panel's interpretation of § 271(f)(1) has not "trivialize[d]" § 271(f)(2).

Petitioners also continue to over-read *Microsoft Corp.* v. *AT&T Corp.*, 550 U.S. 437 (2007). The Federal Circuit considered the same sentence from *Microsoft* that petitioners quote (Pet. 26), but noted that "Life-Tech ignores the next two sentences of the Court's opinion," which tend to "support the conclusion that § 271(f)(1) may apply when a single 'component' is involved." Pet. App. 31a, 32a. Remarkably, petitioners still do not acknowledge those clarifying sentences. Instead, they address the separate fact that *Microsoft* involved one component, and thus could not have proceeded under § 271(f)(1) if petitioners' theory were correct, by arguing that "[t]he parties in *Microsoft* did not argue that only a single component was involved, and the Court accordingly did not consider the issue." Pet. 26. Petitioners' own argument, however, undermines their attempt to rely on out-of-context dicta from *Microsoft* on an issue that petitioners admit the Court "did not consider."[7]

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[7] *Microsoft* expressly stated that the entire footnote containing the sentence that petitioners quote was irrelevant to its analysis. 550 U.S. at 454 n.16 ("that distinction does not affect our analysis"). Although petitioners urge the Court to suspend its independent judgment and follow ambiguous, out-of-context dicta, this Court has directed the opposite. *See Pacific Operators Offshore,*

Nor is there any conflict between the panel decision and *Microsoft*'s discussion of the presumption against extraterritoriality. In *Microsoft*, the components combined abroad were also made abroad, and although the original disk containing the software originated in the United States, all the copies of that software that were combined with the other components were made abroad. 550 U.S. at 452-453. In contrast, petitioners' conduct is domestic and directly links each kit to a physical component supplied from the United States. The panel's interpretation of § 271(f)(1) thus does not "'convert[] a single act of supply from the United States into a springboard for liability'" for an unlimited number of downstream copies made abroad, as was the concern in *Microsoft*. *Id.* at 456. It merely attaches liability to petitioners' conduct *within the United States*, as Congress intended.

B. Petitioners' Multiple-Component Argument Is Not Sufficiently Important To Warrant Review

On top of petitioners' failure to identify any error in the Federal Circuit's decision, petitioners have not demonstrated that the rejection of their attempt to impose a multiple-component rule is sufficiently important to warrant review. The panel merely decided that "there are *circumstances* in which a party *may* be liable under § 271(f)(1) for supplying or causing to be supplied a single component for combination outside the United States." Pet. App. 28a (emphases added). More specifically, the panel rejected the rigid rule that "a single component supplied from the United States,

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LLP v. *Valladolid*, 132 S. Ct. 680, 688 (2012) (refusing to rely upon an "ambiguous comment ... made without analysis in dicta" in a prior Supreme Court decision).

no matter how important or central to the invention, can never constitute 'a substantial portion of the components of a patented invention.'" *Id.* 34a (emphasis added). It is no surprise that not a single member of the Federal Circuit dissented from the denial of rehearing en banc on that limited holding.

Nothing in the panel's rejection of petitioners' *per se* rule implies that liability for supplying a single component will be common. To the contrary, the panel emphasized that this case involved a *fact-specific concession* from petitioners' own witness that the Taq polymerase they supply from the United States for inclusion in all of their kits was a "'main' and 'major'" component. Pet. App. 34a (quoting A6290-6291).

Petitioners entirely ignore this concession when they argue that the panel required "nothing more than a component without which the invention 'would be inoperable'" and "made virtually *every* component of a patented invention, by itself, a 'substantial portion of the components' of that invention." Pet. 22-23. In reality, the panel's statement that the "Tautz patent would be inoperable" without Taq polymerase was immediately followed by the statement that "LifeTech's own witness admitted that the *Taq* polymerase is one of the 'main' and 'major' components of the accused kits." Pet. App. 34a. The panel also emphasized that its ruling was "based on the facts of this particular case." *Id.* 28a.

This focus on the specific facts of this case, and petitioners' concession in particular, shows that purported fears of widespread liability for shipping a single component are unfounded. Petitioners have presented no evidence of an upsurge in § 271(f)(1) rulings since the Federal Circuit decision was released. Nor is there

likely to be one under a proper understanding of that decision.

In addition, liability under § 271(f)(1) attaches only when an infringer had knowledge of the patent and intended to cause the infringing act. *Liquid Dynamics Corp.* v. *Vaughan Co.*, 449 F.3d 1209, 1222 (Fed. Cir. 2006). Here, "whether [petitioners] exhibited the necessary knowledge and intent ... is not contested." Pet. App. 34a. But those requirements will provide substantial protection to potential defendants in other cases and eliminate the risk that an unwitting supplier of a component would be held liable under § 271(f)(1).

In sum, there is a wide gulf between the Federal Circuit's rejection of petitioners' rigid multiple-component rule on fact-specific grounds and the imposition of liability in any meaningful number of future cases. This Court should not spend its limited time reviewing the case based on petitioners' speculative fear that the panel's decision might be applied too broadly. If the decision were to be misapplied, the Federal Circuit is well positioned to address any problems in the first instance.

Finally, petitioners' statements about "incentives to relocate" manufacturing operations offshore ring hollow in the context of this case. Pet. 28; *see also* Agilent Amicus Br. 16-17. Promega and petitioners are direct competitors in a two-supplier market for STR kits. Although petitioners shifted some of their operations overseas, Promega manufactures its kits in the United States. The jury verdict in this case simply compensated Promega for the sales it would have made on its U.S.-manufactured kits had petitioners not infringed. Petitioners' concerns about protecting U.S. manufacturing are more properly addressed to Congress than

to this Court. But were that the issue, it actually cuts against petitioners.

III. The Interlocutory Posture Of The Case Counsels Against Review

The interlocutory posture of the case further counsels against review. *E.g.*, *Brotherhood of Locomotive Firemen & Enginemen* v. *Bangor & Aroostook R.R.*, 389 U.S. 327, 328 (1967) (per curiam); *see also Virginia Military Inst.* v. *United States*, 508 U.S. 946, 946 (1993) (Scalia, J., respecting the denial of certiorari) ("We generally await final judgment in the lower courts before exercising our certiorari jurisdiction."); Stephen M. Shapiro et al., *Supreme Court Practice* 282-283 & n.72 (10th ed. 2013).

The Federal Circuit invalidated the asserted claims of four of the five patents that petitioners were found to infringe and "remand[ed] to the district court to determine damages due to [petitioners'] infringement of the Tautz patent." Pet. App. 38a. Petitioners have argued on remand that a full trial on past damages attributable to the Tautz patent is necessary. Promega disagrees and has argued that the jury's damages award can be reinstated because it did not depend on the number of patents infringed. But if petitioners were to receive the new trial they request, it could substantially change the posture of the case. On the first question presented, it would clarify whether, on the facts of this case, petitioners are relying on the theory that a wholly unrelated third party—as opposed to a foreign affiliate—must assemble the components of the patented invention. On the second question presented, the record at a new trial would include bills of materials that petitioners produced for the first time after trial. *See* A9358-9361; Dkt. 728, at 6-11, No. 10-cv-281 (W.D.

Wis. Dec. 19, 2012). Petitioners have already conceded that their multiple-component rule does not apply to three kits accounting for a large number of sales for which they supplied multiple components from the United States. A6282-6285. The newly discovered evidence could largely moot petitioners' multiple-component argument for the other kits. *See* Dkt. 762, at 8-9, 12, No. 10-cv-281 (W.D. Wis. Mar. 1, 2013).

Moreover, even if the jury's damages award is reinstated without a new trial on past damages (as it should be), Promega has acknowledged that petitioners are entitled to resolution of two outstanding JMOL motions that were previously denied as moot. At petitioners' urging, the district court has stayed proceedings pending the disposition of this petition for certiorari. But this petition is premature in light of the issues that remain to be resolved in the district court.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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AUGUST 2015